

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
INBOUND COMPETITIVE MULTI-SERVICE AGREEMENTS WITH
FOREIGN POSTAL OPERATORS
DEUTSCHE POST – UNITED STATES POSTAL SERVICE
BILATERAL AGREEMENT (MC2010-34)
NEGOTIATED SERVICE AGREEMENT

CP2013-65

**UNITED STATES POSTAL SERVICE RESPONSE TO
CHAIRMAN'S INFORMATION REQUEST NO. 1**
(June 18, 2013)

The United States Postal Service (Postal Service) provides its response to Chairman's Information Request (CHIR) No. 1, issued on June 14, 2013. Questions 1 and 2 are stated verbatim and are followed by the response. Question 3 is redacted, but the response is unredacted and complete.

Respectfully submitted,

UNITED STATES POSTAL SERVICE
By its attorneys:

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QUESTION 1

In its Notice, the Postal Service states that the competitive services offered in the Agreement include rates for inbound air and surface parcels and EMS. Notice at 3. However, "Annex 1: Settlement Rates," of the Agreement, only includes rates for air parcels, SAL (economy) parcels, and surface parcels. No rates have been provided for EMS. The financial work papers submitted under seal, WP_Deutsche Post Competitive-IB-09, contain a line item for EMS, but no volume, cost, or revenue projections. Please confirm whether EMS is part of the Agreement. If EMS is part of the Agreement, please explain why the EMS rates are not included in Annex 1 and provide the EMS rates applicable to the Agreement and the related volume, cost, and revenue projections. If EMS is not part of the Agreement, please explain the references to EMS that appear in the Notice and Agreement.

RESPONSE:

The Postal Service sends EMS items to Germany, but does not receive EMS items from Germany. Accordingly, while there might be references to an inbound rate for EMS in the filing, those references are intended to serve as a placeholder, as indicated in the response to Question 2. The Postal Service receives no EMS volume from Deutsche Post. The rates included in Annex 1 for air parcels, SAL (economy) parcels, and surface parcels are the only inbound rates that are functional under this agreement.

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QUESTION 2

Financial work papers WP_Deutsche Post Competitive-IB-09, Tab 07_TDues_Rates, cells H8 and I8, submitted under seal, provide per item and per kilogram EMS rates. Please identify the source of these rates.

RESPONSE:

The source of the EMS rates is the listing of the standard EMS rates announced for all countries not subject to a bilateral agreement (see PRC Docket No. CP2012-52).

Germany does not participate in Pay for Performance with USPS, and thus it would pay the "Other" rate for EMS volume if it tendered any EMS volume. Because there is no volume or weight for EMS tendered by Deutsche Post, however, the inclusion of this rate cell does not impact the financial output of the model.

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QUESTION 3

[REDACTED]

RESPONSE:

- a. Penalties will apply only to inbound Air Parcels.
- b. Penalties will apply according to the procedures found in the EPG Agreement filed in the United States Postal Service Response to Order No. 84 and Notice of Filing Ongoing International Expedited Services Agreements (PRC Docket No. CP2008-7) (<http://www.prc.gov/Docs/60/60574/CP08-7InboundEMS.pdf>). See in particular Sub Agreement B Article 6 and Core Agreement Annex 8 in the EPG Agreement.